

THE CHAMBER/SOUTHWEST LOUISIANA AND
THE FOUNDATION/SOUTHWEST LOUISIANA

Combined Financial Statements and Auditors' Report

December 31, 2001 and 2000

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

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Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

INDEPENDENT AUDITORS' REPORT

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Board of Directors
The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Lake Charles, Louisiana

We have audited the accompanying combined statements of financial position of The Chamber/Southwest Louisiana and the Foundation/Southwest Louisiana (nonprofit organizations) as of December 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana as of December 31, 2001 and 2000, and the changes in its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 2002 on our consideration of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Scalet, Myers & White (smw)

June 7, 2002

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENTS OF FINANCIAL POSITION

December 31,

	2001			2000
	CHAMBER	FOUNDATION	COMBINED	COMBINED (Memorandum Only)
ASSETS				
CURRENT ASSETS				
Petty cash	\$ 150	\$ 0	\$ 150	\$ 150
Cash in bank	409,804	252,605	662,409	513,757
Accounts receivable (net of allowance for doubtful accounts of \$33,000 and \$40,979)	132,765	0	132,765	122,987
Grant receivable	8,298	0	8,298	9,167
Pledges receivable (net of allowance for uncollectible pledges of \$99,943 and \$124,317 and discount to net present value of \$50,044)	0	720,808	720,808	972,683
Prepaid expenses	9,264	4,442	13,706	6,234
Due from the Foundation/SWLA	<u>89,172</u>	<u>(89,172)</u>	<u>0</u>	<u>0</u>
Total current assets	649,453	888,683	1,538,136	1,624,978
PROPERTY AND EQUIPMENT				
Buildings and improvements held for lease	0	1,217,339	1,217,339	1,168,649
Furniture and fixtures	9,155	76,514	85,669	85,572
Office equipment	52,131	54,904	107,035	104,763
Transportation equipment	<u>28,726</u>	<u>0</u>	<u>28,726</u>	<u>53,185</u>
	90,012	1,348,757	1,438,769	1,412,169
Less accumulated depreciation	<u>58,807</u>	<u>372,822</u>	<u>431,629</u>	<u>391,724</u>
	31,205	975,935	1,007,140	1,020,445
Land	<u>500</u>	<u>309,500</u>	<u>310,000</u>	<u>310,000</u>
	<u>31,705</u>	<u>1,285,435</u>	<u>1,317,140</u>	<u>1,330,445</u>
	<u>\$ 681,158</u>	<u>\$ 2,174,118</u>	<u>\$ 2,855,276</u>	<u>\$ 2,955,423</u>

The accompanying notes are an integral part of these financial statements.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

	2001			2000
	CHAMBER	FOUNDATION	COMBINED	COMBINED (Memorandum Only)
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 3,108	\$ 5,721	\$ 8,829	\$ 6,237
Other accrued liabilities	3,928	0	3,928	2,410
Deferred membership dues	252,507	0	252,507	195,124
Deferred project revenue	<u>34,739</u>	<u>0</u>	<u>34,739</u>	<u>31,451</u>
Total current liabilities	294,282	5,721	300,003	235,222
NET ASSETS				
Unrestricted net assets:				
Operations	355,171	172,878	528,049	382,412
Fixed assets	<u>31,705</u>	<u>287,935</u>	<u>319,640</u>	<u>310,446</u>
Total unrestricted net assets	386,876	460,813	847,689	692,858
Temporarily restricted net assets:				
Operations	0	710,084	710,084	1,007,343
Fixed assets - as restated	<u>0</u>	<u>797,500</u>	<u>797,500</u>	<u>820,000</u>
	0	1,507,584	1,507,584	1,827,343
Permanently restricted net assets:				
Fixed assets	<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Total net assets	<u>386,876</u>	<u>2,168,397</u>	<u>2,555,273</u>	<u>2,720,201</u>
	<u>\$ 681,158</u>	<u>\$ 2,174,118</u>	<u>\$ 2,855,276</u>	<u>\$ 2,955,421</u>

Scalisi, Myers & White (APC)
LAST CHARLES, LOUISIANA

COMBINED STATEMENTS OF ACTIVITIES

Years ended December 31,

	2001		
	Chamber		
	Unrestricted		Total
Support and Revenue	Operating	Fixed Assets	
Support:			
Grant income	\$ 18,658	\$ 0	\$ 18,658
Contributions	600	0	600
2004 3 rd Millennium Pledges	0	0	0
Net assets released from donor restrictions	<u>0</u>	<u>0</u>	<u>0</u>
Total support	19,258	0	19,258
Revenues:			
Membership dues	339,857	0	339,857
Miscellaneous programs	0	0	0
Net committee and program income	15,113	0	15,113
Net investment gains	0	0	0
Interest received	13,961	0	13,961
Lease income	(27,786)	0	(27,786)
Gain on sale of property	<u>0</u>	<u>0</u>	<u>0</u>
Total revenue	341,145	0	341,145
Total support & revenue	<u>360,403</u>	<u>0</u>	<u>360,403</u>

The accompanying notes are an integral part of these financial statements.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

2001							2000
Foundation						Combined	Combined
Unrestricted		Temporarily Restricted		Permanently Restricted	Total	Total	(Memorandum Only)
Operating	Fixed Assets	Operating	Fixed Assets	Fixed Assets			
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,658	\$ 37,571
0	0	0	0	0	0	600	1,316
		74,525	0	0	74,525	74,525	(162,290)
<u>371,784</u>	<u>0</u>	<u>(371,784)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
371,784	0	(297,259)	0	0	74,525	93,783	(123,403)
0	0	0	0	0	0	339,857	326,874
1,695	0	0	0	0	1,695	1,695	2,730
9,311	0	0	0	0	9,311	24,424	32,637
0	0	0	0	0	0	0	570
6,012	0	0	0	0	6,012	19,973	13,758
99,114	0	0	0	0	99,114	71,328	61,228
<u>1,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150</u>	<u>1,500</u>	<u>120,000</u>
<u>117,632</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>117,632</u>	<u>458,777</u>	<u>557,797</u>
<u>489,416</u>	<u>0</u>	<u>(297,259)</u>	<u>0</u>	<u>0</u>	<u>192,157</u>	<u>552,560</u>	<u>434,394</u>

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENTS OF ACTIVITIES

Years ended December 31,

	2001		
	Chamber		
	Unrestricted		
	Operating	Fixed Assets	Total
Expenses			
Accounting and professional fees	4,393	0	4,393
Airport analysis	0	0	0
Building maintenance	0	0	0
Business expense	3,764	0	3,764
Commission	529	0	529
Computer services	7,677	0	7,677
Depreciation	0	13,776	13,776
Dues and subscriptions	6,943	0	6,943
Employee insurance and benefits	26,759	0	26,759
Equipment rental and maintenance	2,909	0	2,909
Fundraising	37,978	0	37,978
Grant - Cooperative endeavor	19,271	0	19,271
Insurance	2,392	0	2,392
Interest expense	22	0	22
Labor	841	0	841
Marketing	0	0	0
Miscellaneous expense	(18)	0	(18)
Office supplies	15,725	0	15,725
Payroll taxes	13,810	0	13,810
Postage	2,658	0	2,658
Publications	713	0	713
Publicity and promotion	737	0	737
Rental commission	0	0	0
Research	0	0	0
Retirement	16,969	0	16,969
Salaries	191,863	0	191,863
Staff training	3,379	0	3,379
Survey	0	0	0
Telephone	5,873	0	5,873
Travel and auto	3,092	0	3,092
Utilities	0	0	0
	<u>368,279</u>	<u>13,776</u>	<u>382,055</u>
Change in net assets	(7,876)	(13,776)	(21,652)
Net assets, beginning of year	364,630	43,898	408,528
Assets purchased	<u>(1,583)</u>	<u>1,583</u>	<u>0</u>
Net assets, end of year	<u>\$ 355,171</u>	<u>\$ 31,705</u>	<u>\$ 386,876</u>

The accompanying notes are an integral part of these financial statements.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

2001						2000	
Foundation					Combined	Combined	
Unrestricted		Temporarily Restricted		Permanently Restricted	Total	Total	(Memorandum Only)
Operating	Fixed Assets	Operating	Fixed Assets	Fixed Assets			
2,837	0	0	0	0	2,837	7,230	7,710
0	0	0	0	0	0	0	(1,609)
41,812	0	0	0	0	41,812	41,812	31,706
1,825	0	0	0	0	1,825	5,589	6,137
0	0	0	0	0	0	529	500
4,892	0	0	0	0	4,892	12,569	11,997
0	28,358	0	22,500	0	50,858	64,634	62,830
1,356	0	0	0	0	1,356	8,299	7,179
12,184	0	0	0	0	12,184	38,943	39,979
2,832	0	0	0	0	2,832	5,741	2,900
0	0	0	0	0	0	37,978	947
0	0	0	0	0	0	19,271	38,091
9,741	0	0	0	0	9,741	12,133	11,512
0	0	0	0	0	0	22	0
297	0	0	0	0	297	1,138	10,127
11,152	0	0	0	0	11,152	11,152	6,158
0	0	0	0	0	0	(18)	1,558
8,690	0	0	0	0	8,690	24,415	21,427
7,932	0	0	0	0	7,932	21,742	22,600
5,938	0	0	0	0	5,938	8,596	8,263
389	0	0	0	0	389	1,102	6,294
738	0	0	0	0	738	1,475	520
0	0	0	0	0	0	0	6,240
6,074	0	0	0	0	6,074	6,074	8,386
6,324	0	0	0	0	6,324	23,293	23,801
106,831	0	0	0	0	106,831	298,694	312,855
2,682	0	0	0	0	2,682	6,061	9,224
212	0	0	0	0	212	212	3,835
3,931	0	0	0	0	3,931	9,804	13,290
2,877	0	0	0	0	2,877	5,969	5,457
43,029	0	0	0	0	43,029	43,029	31,848
284,575	28,358	0	22,500	0	335,433	717,488	713,762
204,841	(28,358)	(297,259)	(22,500)	0	(143,276)	(164,928)	(279,368)
17,782	266,548	1,007,343	820,000	200,000	2,311,673	2,720,201	2,999,569
(49,745)	49,745	0	0	0	0	0	0
\$ 172,878	\$ 287,935	\$ 710,084	\$ 797,500	\$ 200,000	\$ 2,168,397	\$ 2,555,273	\$ 2,720,201

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

COMBINED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2001		2000	
	CHAMBER	FOUNDATION	COMBINED	COMBINED
CASH FLOWS FROM OPERATING ACTIVITIES				
Dues collected	\$ 387,462	\$ 0	\$ 387,462	\$ 318,407
Committee/program receipts	166,327	25,985	192,312	160,592
Pledges and contributions received	0	326,400	326,400	322,733
Contributions received	600	0	600	1,316
Proceeds from sale of assets	0	1,500	1,500	130,000
Net intercompany leases	(30,000)	30,000	0	0
Interest received	13,961	6,012	19,973	13,758
Lease income received	0	71,328	71,328	61,228
Grants received	19,527	0	19,527	28,404
Cash paid for administrative expenses	(334,730)	(283,486)	(618,216)	(650,755)
Cash paid for committee/project expenses	(147,926)	(14,979)	(162,905)	(125,465)
Cash paid for fundraising	(37,978)	0	(37,978)	(947)
Interest costs	(22)	0	(22)	0
Net cash provided by operating activities	37,221	162,760	199,981	259,271
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of land, equipment and improvements	(1,583)	(49,746)	(51,329)	(32,400)
Net advances to the Foundation/SWLA	(66,569)	66,569	0	0
Net cash (used in) provided by investing activities	(68,152)	16,823	(51,329)	(32,400)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on long-term borrowings	0	0	0	0
Net cash used in financing activities	0	0	0	0
Net (decrease) increase in cash	(30,931)	179,583	148,652	226,871
Cash and cash equivalents, beginning of period	440,885	73,022	513,907	287,036
Cash and cash equivalents, end of period	\$ 409,954	\$ 252,605	\$ 662,559	\$ 513,907

The accompanying notes are an integral part of these financial statements.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - NATURE OF ACTIVITIES

The Chamber/Southwest Louisiana (the Chamber) is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of encouraging and promoting the establishment of new businesses in the community.

The Foundation/Southwest Louisiana (the Foundation) is a non-profit organization engaged in economic development as a process to job creation and investment in Southwest Louisiana.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

The Chamber membership dues are recognized as revenues on a pro rata basis over the period to which the membership relates. The Foundation pledges are unconditional promises to give and are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

2. Allowance for Doubtful Accounts

- a) The Chamber uses the allowance method to provide for uncollectible accounts receivable.
- b) The Foundation uses the allowance method to provide for uncollectible pledges.

3. Income Tax Status

- a) The Chamber was incorporated under the laws of the State of Louisiana in 1941. The corporation is exempt from taxation under Section 501(c)(6) of the Internal Revenue Code.
- b) The Foundation is a non-profit corporation organized under the laws of the State of Louisiana for the advancement of economic, civic, sociological, and cultural interests of Calcasieu and Cameron parishes. The Foundation is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Use of Estimates

The preparation of financial statements for the Chamber and for the Foundation in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Property and Equipment

Property and equipment for the Chamber and for the Foundation are stated at cost or fair market value at the date of donation for contributed assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$64,634 and \$62,830 for the years ended December 31, 2001 and 2000, respectively and is calculated on the straight-line method based on the estimated useful lives below:

Buildings	30-40	years
Furniture, fixtures, and equipment	3-7	years
Improvements	7-15	years

The organizations follow the practice of capitalizing all assets in excess of \$500.

6. Public Support and Revenue

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor.

7. Reclassifications

For comparability, amounts from the years ended December 31, 2000 have been reclassified, where appropriate, to conform with the financial presentation for the year ended December 31, 2001.

Sealisi, Myers & White (APC)
LAFAYETTE, LOUISIANA

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE C - CHANGES IN PROPERTY AND EQUIPMENT

Property and equipment, beginning of period	\$ 1,722,169
Disposition of property and equipment - at cost	(24,729)
Purchases of property and equipment - at cost	<u>51,329</u>
Property and equipment, end of period	<u>\$ 1,748,769</u>

NOTE D - RELATED PARTY

The Chamber shares certain expenses with The Foundation. Both non-profit organizations are housed in the same building and the Foundation reimburses the Chamber monthly. At December 31, 2001 and 2000 the Foundation owed the Chamber \$89,172 and \$22,604, respectively for the net expenses allocated on its behalf. In December, 1993, the Chamber and the Foundation relocated to the Foundation's new building. The Chamber occupied the building rent-free until December 31, 1995 and the two organizations shared occupancy expenses. Beginning January 1, 1996, the Chamber began paying rent to the Foundation in lieu of sharing occupancy expenses. Rent amounted to \$30,000 and \$30,000 for the years ended December 31, 2001 and 2000, respectively.

NOTE E - RETIREMENT PLAN

The Chamber and the Foundation have a contributory retirement plan covering substantially all personnel. Both the Chamber and the Foundation contribute five percent and match five percent of eligible employees' total salary to individual accounts. Total retirement expense for the years ended December 31, 2001 and 2000 was \$23,293 and \$23,801, respectively.

NOTE F - COMPENSATED ABSENCES

Employees of the Chamber and the Foundation are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. In addition, members of management have contracts or agreements with the organization that provides for compensated absences. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Chamber and the Foundation's policy is to recognize the costs of compensated absences when actually paid to employees.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE G - CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

The Chamber maintains cash balances in two bank accounts. Each account is insured by the Federal Deposit Insurance Corporation up to \$100,000. One of these account balances exceeded this insurance limit by a total of \$294,340 at December 31, 2001 and \$236,102 at December 31, 2000.

The Foundation maintains a cash balance in one bank account, which is insured by the Federal Deposit Insurance Corporation up to \$100,000. The account balance exceeded this insurance limit by \$127,078 at December 31, 2001 and \$33,502 at December 31, 2000.

NOTE H - PLEDGES RECEIVABLE

Unconditional promises to give at December 31, 2001 are as follows:

Receivable in less than one year	\$ 336,016
Receivable in one to five years	<u>534,779</u>
Total unconditional promises to give	870,795
Less discounts to net present value	50,044
Less allowance for uncollectible promises	<u>99,943</u>
	<u>\$ 720,808</u>

NOTE I - IN-KIND CONTRIBUTIONS

The Foundation received a donation of land during 1991 with an appraised value of \$560,000. The donation was conditioned upon the Foundation constructing, on this property, a structure containing a minimum of 8,000 square feet. In addition the structure must have been forty percent complete by December 10, 1994 and must have been named and continuously used as "The Willis Noland Resource Center."

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE I - IN-KIND CONTRIBUTIONS - CONTINUED

On January, 15, 1993, the Foundation officially returned the previously donated land described above. This land was returned in exchange for an office building and land, and a parking lot with appraised values of \$1,200,000 and \$132,500, respectively. The new donation is conditioned upon the Foundation continuously using the property in connection with a structure known as "The Willis Noland Resource Center" and continuously being an entity of the type described in Section 501(c)(3) or Section 170(c)(1) of the Internal Revenue Code of 1986. The parking lot was sold during 1998 for \$91,000 which approximated fair market value at the date of sale.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets are available for the following purposes:

Fixed assets restricted to specific use and entity type: \$ 797,500

Donated building must be used as "The Willis Noland Resource Center" and the organization must continue to be a 501(c)(3) entity.

Beginning of year	\$ 820,000
Current year depreciation	<u>(22,500)</u>
End of year	<u>\$ 797,500</u>

NOTE K - PERMANENTLY RESTRICTED NET ASSETS

The Foundation's permanently restricted net assets are available for the following purposes:

Fixed assets restricted to specific use and entity type: \$ 200,000

Donated land must be used as "The Willis Noland Resource Center" and the organization must continue to be a 501(c)(3) entity.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE L - COMBINED STATEMENTS OF CASH FLOWS

Reconciliation of excess of expenses over revenues to net cash provided by operating activities.

	2001	2000
Excess of expenses over revenues	\$(164,928)	\$(279,368)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	64,634	62,830
Basis of assets sold	0	10,000
Changes in assets and liabilities:		
Net (increase) decrease in:		
Accounts receivable	(9,778)	1,446
Grants receivable	869	(9,167)
Marketable securities (in-kind donation)	0	2,271
Pledges receivable	251,875	482,182
Prepaid expenses	(7,472)	(432)
Net increase (decrease) in:		
Accounts payable	2,592	(863)
Deferred revenue	60,671	(10,152)
Accrued liabilities	1,518	524
Net cash provided by operating activities	<u>\$ 199,981</u>	<u>\$ 259,271</u>

For purposes of the statements of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE M - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and short-term unconditional promises to give: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term investments: The fair values of investments are based on quoted market prices for those or similar investments.

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return based on the yield of a U.S. Treasury Security with a maturity date similar to the expected collection period.

NOTE N - ACCOUNTING CHANGE TO ADOPT REQUIREMENTS OF SFAS 116

During 2001, the organization changed its method of accounting for pledges attributable to future periods to conform with the requirements of the Financial Accounting Standards Board. Prior to 2001, pledges for future periods were recorded as Deferred Pledges (a liability) and recognized in income in the year to which they were attributable. SFAS 116 requires that pledges be recognized in income in the year the promise is made. Furthermore, SFAS 116 does not permit the deferral of non exchange revenues like contributions. The effect of this change was to decrease change in net assets for 2001 by \$297,259. The financial statements for 2000 have been retroactively restated for the change, which resulted in a decrease in change in net assets for 2000 by \$401,042. Net Assets as of the beginning of 2000 has been adjusted for the effect of retroactive application of the new method which resulted in an increase in net assets at 1/1/2000 of \$1,408,385.

SUPPLEMENTAL INFORMATION

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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Lake Charles, Louisiana

We have audited the combined financial statements of The Chamber/Southwest Louisiana and the Foundation/Southwest Louisiana (nonprofit organizations) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 7, 2002.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of The Chamber/Southwest Louisiana and the Foundation/Southwest Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of The Chamber/Southwest Louisiana and the Foundation/Southwest Louisiana for the year ended December 31, 2001, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted no matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.

Scalisi, Myers & White (APC)

June 7, 2002

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LAKE CHARLES, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Lake Charles, Louisiana

We have audited the combined financial statements of The Chamber/Southwest Louisiana and the Foundation/Southwest Louisiana (nonprofit organizations) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 7, 2002.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to The Chamber/Southwest Louisiana and the Foundation/Southwest Louisiana is the responsibility of The Chamber/Southwest Louisiana's and the Foundation/Southwest Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of The Chamber/Southwest Louisiana's and the Foundation/Southwest Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.

Scalisi, Myers & White (APC)

June 7, 2002

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

SCHEDULE OF COMMITTEE AND PROGRAM INCOME

December 31, 2001 and 2000

COMMITTEE AND PROGRAMS	December 31, 2001			December 31, 2000		
	Revenue	Expenses	Net Income	Revenue	Expenses	Net Income
Annual Banquet	\$ 49,034	\$ 40,921	\$ 8,113	\$ 47,100	\$ 41,124	\$ 5,976
Annual Luncheon	7,325	6,049	1,276	7,425	6,091	1,334
Annual Golf Tournament	33,550	33,320	230	32,175	23,739	8,436
Membership Directory	24,955	18,007	6,948	23,795	16,775	7,020
Business After Hours	4,170	3,694	476	4,996	3,919	1,077
Early Bird Breakfasts	3,974	3,980	(6)	2,871	2,795	76
Leadership	15,707	9,696	6,011	15,469	10,559	4,910
LIDEA	24,290	14,979	9,311	0	0	0
Miscellaneous	15,244	22,954	(7,710)	15,721	14,008	1,713
Network Luncheon	0	0	0	3,173	2,507	666
Quality Day	8,185	8,665	(480)	2,990	2,382	608
Seminars	895	640	255	2,387	1,566	821
	<u>\$ 187,329</u>	<u>\$ 162,905</u>	<u>\$ 24,424</u>	<u>\$ 158,102</u>	<u>\$ 125,465</u>	<u>\$ 32,637</u>

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